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SUBJECT: ACEH: ADDITIONAL FUNDING REQUEST FOR GOI-GAM PEACE AGREEMENT IMPLEMENTATION PROGRAMS

REF: A. JAKARTA 0654

[B](#). 05 JAKARTA 015331

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Summary  
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[1](#)1. (SBU) The Aceh peace process remains on track and now moves into a more difficult phase in which the parties begin to develop the parameters of political participation in a normalized Aceh to give voice to all of Acehenese society. Acehenese trust the USG as an honest broker because of our consistent commitment to finding and implementing an equitable peace -- which we have done politically but also with effective assistance programs made possible by Washington's prompt allocation of funds following the signing of the GOI-GAM MOU August 15. We now require \$30 million in additional funding over the next two years to ensure that the USG remains engaged to provide longer-term support for peace in Aceh.

[1](#)2. (SBU) Funding would include \$10 million in supplemental ESF funds in both FY 06 and FY 07, with USAID providing an additional \$5 million in both FY 06 and FY 07 out of its DDG budget. We require the additional \$30 million to ensure that the USG can support longer-term reintegration and peace-building programs, as well as support key political processes and provide technical assistance and capacity building to key local institutions. Such funding would enable us to provide basic capacity for a GAM representative office, support for local direct elections, and a flexible, quick response mechanism to address unanticipated problems. Of this amount, \$1.5 million would support continuation of ongoing ICITAP police training and human rights initiatives. Consulate Medan would join USAID and ICITAP in implementing Aceh programs. End Summary.

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Status of Peace Process  
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[1](#)3. (SBU) As of December 31, 2005, the GOI and GAM met all disarmament and redeployment targets set out in the MOU. To date, the Aceh Monitoring Mission (AMM) has accepted, verified, and destroyed 840 GAM weapons. The Indonesian Armed Forces (TNI) redeployed some 14,700 non-locally based troops, and Indonesian National Police (INP) some 9,100 troops, to outside of Aceh. On December 27, the Free Aceh Movement (GAM) disbanded its armed wing, the Tentara Nasional Aceh (Aceh National Army) and proclaimed establishment of a "reintegration committee" which might become the vehicle for GAM to become a political party.

[1](#)4. (SBU) The decommissioning of weapons and the redeployment of non-organic forces out of Aceh represent only the first hurdles in the process to secure peace and fulfill the delicate political commitments called for in the GOI-GAM MOU. In accord with the MOU, the GOI will submit a Draft Law on the Governing of Aceh (Rancangan Undang-Undang Tentang Pemerintahan Aceh, or RUU Aceh) to the Indonesian Parliament (DPR) this month. AMM has played a key role in implementing the MOU and the GOI has invited AMM to stay on for an additional 3 months, at lower personnel levels, beyond its current March 15 completion date. AMM will remain in Aceh through the local elections.

[1](#)5. (SBU) Reintegration continues apace throughout the province in varying degrees. Cooperation between GAM representatives and provincial government officials remains high and both stakeholder groups have begun to further invest in the peace process. Provincial government continues to reach out slowly to civil society and the donor community through various mechanisms and informal consultations. Official "reintegration programs" remain in the starting-up phase. The GOI has budgeted \$50 million in 2006 to provide direct support to targeted beneficiaries.

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\$9.825 M Supplemental ESF Funds Fully Committed  
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[1](#)6. (SBU) The AID mission has programmed \$9,825,000 in

supplemental ESF funds to support the ongoing peace process

-- \$825,000 in initial support and a further \$9,000,000 in supplemental ESF. These funds proved crucial in launching USG-funded support for socialization of the MOU and jump-starting the reintegration process. USG programs have had a significant impact on the political and social stability of Aceh since the MOU.

17. (SBU) We spent an initial tranche of \$825,000 on immediate socialization efforts and technical assistance. Activities included public information campaigns, public forums/dialogues, peace concerts, and a new "Aceh Magazine" -- the first ever Aceh-based news magazine -- which will target decision-makers province-wide with comprehensive information related to the peace process, peace building, and comparative information on peace processes. Funds also went to bring in two post-conflict advisors who developed the concept paper that led to the creation of the multi-stakeholder "Joint Forum to Support Peace in Aceh" (Forum Bersama Pendukung Perdamaian di Aceh, Forbes PPA), which has become a cornerstone of the Provincial Government's reintegration planning and implementation. From 11-13 December 2005, together with UNDP and the Governor's Office in Aceh, we designed and supported the "Building Lasting Peace in Aceh Workshop," which brought together for the first time all stakeholders -- civilian, GAM, government (local and central), and security forces -- into one room to discuss the implementation of the MOU and peace more broadly in Aceh. This set a very high and important benchmark for public participation in the implementation of the MOU. A key result became general demand to establish a multi-stakeholder forum for sustained participation by GAM, civil society, donors, and government.

18. (SBU) The balance of the \$9 million will go for a range of short term critical programs which support sustainable implementation of the MOU. This includes \$5,000,000 for community-based reintegration programs to provide immediate "peace dividends" through community-based redevelopment, together with strengthening community-based governance and accountability while increasing collaboration with local government. Development Alternatives, Incorporated (DAI) will implement this program through the Support for Peaceful Democratization (SPD) Project. DAI will provide strategic support to increase the capacity of key local government offices and institutions engaged in the peace process and continue supporting socialization of the MOU.

19. (SBU) We will provide \$2 Million to the International Organization for Migration (IOM) for a short-term, quick-impact community-based reintegration peace dividend program. This project responds to GOI requests to provide peace dividends of small-scale infrastructure and/or community redevelopment to conflict-affected communities in an immediate and highly visible manner, thus ensuring Acehnese recognize the benefits of peace.

110. (SBU) A further \$600,000 will fund short- and long-term TA and capacity building for institutions at various levels of local government including the Joint Forum, the Governor's Office, and other line agencies.

111. (SBU) We will provide some \$700,000 in support for the Wartorn Societies Project (WSP) to support work that will feed into the Joint Forum. WSP has gained buy-in by relevant senior-level stakeholders, including Vice President Jusuf Kalla and senior GAM officials. USAID/Indonesia's support, matched with \$300,000 from USAID's Conflict Mitigation and Management (CMM) Office, will bring initial USG support for WSP to \$1,000,000.

112. (SBU) The balance of some \$700,000 will support political processes required for the MOU's success, including low-level support for direct local elections. USAID assistance will facilitate travel for key stakeholders and government counterparts from Jakarta to work on key issues related to the MOU, including for example, the draft law on the Governance of Aceh. This level of funding will suffice for the short-term and we will need additional funds for the USG to continue to support key political processes.

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Programming USAID Mission Funds, \$560,000  
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113. (SBU) USAID/Indonesia has provided another \$560,000 via the Office of Democratic and Decentralized Governance (DDG) to support key aspects of MOU implementation. This includes support to the Aceh Independent Election Commission (KIP) and community consultation and related work with the Draft Law on the Governance of Aceh. We have supported these additional small, yet critical, programs through the Local Governance Support Program (LGSP) and Democratic Reforms Support Project (DRSP).

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Leveraging Other Funding Sources, \$1,050,000  
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14. (SBU) We have in the final stages of development an agreement with ExxonMobil for \$750,000 channeled through USAID's community-based redevelopment and reintegration programs around Lhokseumawe. As noted, we anticipate \$300,000 from USAID/CMM to support the WSP project.

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Donor Coordination  
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15. (SBU) Donor coordination and liaising with the Government of Indonesia continue as critical aspects of USG support for the peace process. The Embassy has initiated donor coordination meetings to limit duplication of efforts and ensure that the GOI understands and can explain donor-funded programs in a manner underscoring GOI meeting MOU commitments. The Embassy coordinates on a regular basis with key donors working on community-based programs: the European Union, World Bank, UNDP, JICA/Embassy of Japan, Embassy of Canada, and the International Organization for Migration (not a donor, but a part of the donor group). Agencies not yet directly involved in direct assistance to the process, attend coordination meetings as well, including AUSAID, UNICEF, ILO, GTZ, and others.

16. (SBU) The Embassy has emphasized donor coordination in community-based reintegration and peace-building programs. In our coordination efforts, donors identify and coordinate methodologies and constraints to avoid overlap and mitigate potential harm when two programs occur in the same geographic area. Donors have agreed with us to develop indicator data that we can collect monthly or bi-monthly across all donor-funded community-based programs. This data will go to the government to demonstrate concrete progress in its MOU obligations. We will map this data with implementing partner DAI, allowing the donor group, in consultation with GAM and the Government of Indonesia, to identify gaps, thus shifting resources and strategies when necessary. We belong to the informal donor group supporting the GAM-GOI MOU Socialization Team. Through close contact with donors and the GOI, USAID has ensured that timely, strategic and non-duplicative programs. The activities we propose for longer-term support will not receive sufficient funding from other donors.

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Additional Funding: \$30 Million Required  
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17. (SBU) The United States should continue as a reliable and responsive partner in the implementation of the historic MOU between the GOI and GAM. The initial assistance we have provided gave proof of our commitment to peace, demonstrated our respect for Indonesian ownership of the peace process, and confirmed our ability to respond quickly. Even though USAID/DDG proposes to contribute part of its FY06 and FY07 budgets to continue supporting the Aceh peace process, we will need additional ESF for the U.S. to remain a strategic and responsive partner.

18. (SBU) While USAID will program an estimated \$10 million of its own funds (\$5 million in FY 06 and \$5 Million in FY 07), we urgently require an additional \$20 million of new ESF commitments (\$10 Million in FY 06 and \$10 million in FY 07). We propose using the additional \$30 million for the following activities: expanded community-based reintegration activities; support to key political processes; technical assistance/capacity building to key local institutions; functional capacity for GAM representative office; local

direct elections; local political party development; WSP program; peace building initiatives among Aceh NGOs; support for the establishment of key institutions; support for higher education; attitudinal surveys; Joint Forum; community-level police training and human rights initiatives; and a flexible/quick response mechanism to address unanticipated problems. We detail these programs below.

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Proposed Uses of \$30 Million Additional Funding  
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19. (SBU) Expansion of Community-based Reintegration and Peacebuilding activities: \$6,000,000.

The GOI and GAM have identified community-based redevelopment (reintegration) activities as the cornerstone of efforts to provide concrete and visible peace dividends. The activities maximize community participation from all stakeholder groups, including former GAM combatants, in the implementation of small-scale development projects. Our Aceh Community Empowerment and Ownership (ACEO) Project (implemented by DAI) strengthens village-level democratic governance, enhances

positive participation of the local government in citizens lives, and develops community-based approaches to resolving inter-group conflicts that will arise over time as expectations rise and fall vis--vis the implementation of the MOU. With additional resources, we could build upon IOM's strategic partnership with the GAM and the GOI to enhance community development initiatives over the next 2 years.

**120. (SBU) Support to Key Political Processes: \$2,500,000.**

In October 2005, we presented our draft strategy for support to the Peace Process to Minister of Justice and Human Rights (and head of the GOI negotiating team in Helsinki) Hamid Awaluddin. He focused upon USAID's plans to assist key political processes required for successful implementation of the MOU. Because of our relationships of trust with the GOI, GAM, and local government and security forces counterparts, we have become positioned to support implementation of sensitive issues outlined in the MOU.

**121. (SBU) Technical Assistance and Capacity Building to Key Local Institutions: \$3,000,000.**

The Aceh provincial government and local actors must undertake a range of responsibilities in accordance with Presidential Decree 15/2005. Provincial government has a pivotal role in reintegration and implementation of the MOU. Recognizing the limited sensitivity of local actors to address redevelopment (reintegration) issues, we will provide robust technical assistance to strategic local institutions. Planned activities include provision of international and national advisors to the Health Department, Social Affairs Agency, Governor's Office, local DPRD (Parliament), Industry and Trade Office, Education Department and other important institutions.

**122. (SBU) Provide Functional Capacity to GAM Representative Offices: \$500,000.**

GAM continues to demonstrate commitment to peace in Aceh, with its leadership becoming invested in the process. The successful disarmament, the dissolution of GAM's armed wing (the TNA) on December 27, 2005, and GAM's unequivocal statements abandoning independence and the use of violence or armed struggle point to a strong commitment to live by the terms of the MOU. A successful partner is a capable partner. The GOI needs an interlocutor to engage in dialogue, collaboration, coordination, and building peace throughout the province. Currently, GAM has little operational support for these activities. It has extremely limited communications equipment, computers, transportation, and capacity among its Banda Aceh-based leaders. Local government, civil society leaders, AMM, and GAM have requested that we provide functional capacity to the GAM Representative Offices to the AMM. These offices would later become the locus of interaction with GOI and provincial government counterparts.

**123. (SBU) Support for Local Direct Elections and Issuance of New ID Cards: \$3,000,000.**

The April 2006 elections (most likely delayed by 3 months) remain crucial to the future of peace in Aceh and must succeed. We intend to continue to support the local Independent Elections Commission (KIP) -- the local government body charged with overseeing elections -- via technical assistance, computer hardware, training support, and other assistance. Presidential Decree 15/2005 makes the Governor responsible to ensure that the GOI issues all Acehenese new ID cards. Our assistance will help minimize extortion that normally accompanies ID card procurement and distribution. Technical and material assistance will enhance the effectiveness of responsible agencies in replacing ID cards and registering voters.

**124. (SBU) Local Political Party Development: \$1,000,000.**

Through partner organizations such as the National Democratic Institute (NDI), International Republican Institute (IRI) or other international actors, we will ensure successful implementation of another critical element of the MOU, that of local political parties. Successful integration of GAM into Aceh's peaceful civic life requires that it better understands and develops strategies of a modern political party. Our assistance would target a range of stakeholders including GAM, existing and new local political parties.

**125. (SBU) Wartorn Societies Project (WSP): \$3,000,000.**

WSP has a methodology to support the process of building peace and reconciliation. WSP's program has an estimated cost of \$8,000,000 over five years. Additional assistance from the U.S., together with a small group of other donors (such as Canada, Norway, Sweden and the European Union), would further confirm our commitment to sustainable peace in

Aceh. WSP would facilitate active involvement of local, national, and international actors in ongoing collective dialogue and research that allows societies emerging from conflict to respond to the challenges of social, economic and political rehabilitation.

126. (SBU) Longer term Peace-building Initiatives with Acehese Civil Society: \$3,000,000.

We have the longest and most robust relations of any donor with Acehese civil society; we adapt to circumstances, back local groups, and respect local initiatives. Only with additional support can we continue this long-term commitment for local ownership of the peace process.

127. (SBU) Support Establishment of Key Institutions: \$1,000,000.

Other key elements of the MOU include establishing an Aceh Human Rights Commission and a Truth and Reconciliation Commission (TRC). AMM and the governor's office have asked that the U.S. provide technical assistance in the development of these bodies. USAID's past relationship with Jakarta-based ELSAM -- the only NGO to remain committed to the national TRC -- would prove a valuable resource for Acehese counterparts. We would provide critical start-up costs and office equipment and fund province-wide socialization campaigns.

128. (SBU) Vocational Training/Non-Formal Education for former GAM Combatants and Conflict-Affected Citizens: \$2,500,000.

Many of GAM's post-1998 recruits comprised young men who had no jobs or sought revenge for the deaths of family members. Many had not finished their formal educations or had the opportunity to pursue university educations. Former combatants and conflicted-affected citizens need vocational skills training and other non-formal educational opportunities to reintegrate into society. We hope to leverage funds from private sector companies, such as ExxonMobil to support such initiatives.

129. (SBU) Continued Support to the Joint Forum: \$1,000,000.

We played critical role in developing this multi-stakeholder forum. Committed assistance over the next two and half years would provide JF a secure source of support.

130. (SBU) ICITAP Police Training and Support for Human Rights : \$1,500,000.

ICITAP developed the Aceh Transformation and Restoration Project from current projects and existing resources within our portfolio. ICITAP has delivered the successful Human Rights for Senior Leadership Program in collaboration with the Australian Embassy in November of 2006. We will deliver the following programs within the next six months: Institutional Transformation Community-Based Assessment and Planning Program, Anti-Corruption Financial Transparency Program, Mid-Level Management training, Human Rights-Force Options Continuum training, and Civil Disorder Management training and associated equipment. Once these programs finish, we have no additional funding to continue our presence in Aceh. Embassy requests \$1.5 in additional funding for this ICITAP program.

131. (SBU) With additional funding ICITAP would expand the Human Rights training program to include all levels of INP personnel, developing a training cadre of INP instructors from already HR trained management personnel. The HR component would include curriculum integration into basic and in-service training syllabi; deliver modern law enforcement management and leadership training modules for INP Command and mid-level management personnel; provide capacity building within Aceh Kapolda, and criminal investigation training. We would continue collaborating with the Australian Embassy.

132. (SBU) Flexible/Quick Response Mechanism: \$2,000,000.

Addressing unanticipated problems remains the biggest challenge. Our in-kind, fast and flexible funding mechanism to provide corruption-free assistance to local NGOs, government institutions, community groups, and international partners would assist us in responding quickly to unforeseen emergencies. At a minimum, a flexible fund of \$1,000,000 a year could maintain our advantage in providing fast, flexible, and responsive support. No other donor has this capacity.

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Comment  
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133. (SBU) ASEAN and the European Union performed an

important role in implementing the GOI-GAM MOU through the Aceh Monitoring Mission. The United States has remained visibly engaged and provided important support for Aceh's transformation, thanks to supplemental funding agencies provided in Fall 2005. We have strategic and effective relationships with stakeholders of all levels in GAM, government and civil society. Our ability to respond effectively and rapidly, and in a manner that prioritizes local ownership has allowed us to have a significant impact on the peace process. We need to maximize this momentum for Aceh and to ensure we remain a visible peace partner. We urge Washington provide an additional \$20 million in supplemental ESF over two years to augment the \$10 million proposed commitment from USAID FY 06/07 budgets.

PASCOE